

“Comcast Confidentiality Agreement” means the confidentiality letter agreement, dated September 28, 2001, as the same may be amended from time to time, by and between AT&T and Comcast providing for, among other things, confidential treatment of information provided by Comcast to AT&T.

“Comcast Deferred Compensation Plan” means a Deferred Compensation Plan of Comcast or any Comcast Affiliate for the benefit of any current or former employee or director of Comcast or any Comcast Subsidiary.

“Comcast Disclosure Schedule” means the Comcast disclosure schedule delivered to AT&T concurrently herewith.

“Comcast Employee Plan” means an Employee Plan of Comcast or any Comcast Subsidiary.

“Comcast ESPP” means the Comcast Employee Stock Purchase Plan.

“Comcast Group” means Comcast together with the Comcast Subsidiaries.

“Comcast International Plan” means an International Plan of Comcast or any Comcast Subsidiary.

“Comcast Material Adverse Effect” means a material adverse effect on the financial condition, assets or results of operations of the Comcast Group taken as a whole, excluding any such effect resulting from or arising in connection with (i) changes or conditions generally affecting the industries in which Comcast and the Comcast Subsidiaries, operate, (ii) changes in general economic, regulatory or political conditions, or (iii) the announcement of this Agreement or of the transactions contemplated hereby.

“Comcast Pension Plan” means a Pension Plan of Comcast or any of its ERISA Affiliates.

“Comcast Significant Subsidiary” means any Comcast Subsidiary that would constitute a “significant subsidiary” (within the meaning of Rule 1-02 of Regulation S-X of the SEC) as of December 31, 2000; *provided* that for purposes hereof, the phrase “EBITDA” will be substituted for the phrase “income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle” in Rule 1-02(w)(3).

“Comcast Stock Price” means the average (rounded to the nearest 1/10,000) of the Trading Values of Comcast Class A Common Stock for the five consecutive Trading Days immediately preceding the Distribution Date.

“Employee Plan” means, with respect to any Person, any “employee benefit plan” (as defined in Section 3(3) of ERISA) that (i) is subject to any provision of ERISA, (ii) is maintained, administered or contributed to or required to be contributed to by such Person or any of its Affiliates and (iii) covers any employee or former employee of such Person or any of its Subsidiaries.

“Environmental Laws” means any United States federal, state or local, foreign or supranational law (including common law), treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction or requirement or any agreement with any Governmental Authority or other third party, relating to human health and safety, the environment or to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials.

“Environmental Permits” means, with respect to any Person, all permits, licenses, franchises, certificates, approvals and other similar authorizations of any Governmental Authority relating to or required by Environmental Laws and affecting, or relating in any way to, the business of such Person or any of its Subsidiaries as currently conducted.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

“ERISA Affiliate” of any Person means any other Person that, together with such Person, would be treated as a single employer under Section 414 of the Code.

“Excepted Transaction” has the meaning set forth in the definition of AT&T Broadband Acquisition Proposal.

“Exchange Agreement” means the Exchange Agreement dated as of December 7, 2001 between Comcast and Microsoft.

“Exchange Amount” means an amount “K” where “K” is derived from the following equation:

$$K = (T \times (B + C))/C$$

provided that in no event shall K exceed the product of 10.0% multiplied by the total number of shares of AT&T Common Stock that would be outstanding immediately after giving effect to the exchange of the AT&T Exchangeable Preferred Stock.

The variables used to calculate K pursuant to the foregoing formula are defined as follows:

“T” is the number of shares of AT&T Common Stock held by Comcast and any Comcast Subsidiary immediately prior to the Distribution.

“B” is the Broadband Value.

“C” is the Communications Value.

“Exchange Date” has the meaning set forth in Section 9.23.

“Exchange Ratio” means the value, **“X”**, as defined below (and rounded to the nearest 1/10,000). The purpose of the Exchange Ratio is to determine the number of shares of Parent Common Stock that will be delivered in exchange for each outstanding share of AT&T Broadband Common Stock at the Effective Time, and to adjust for the value of certain employee options and stock appreciation rights to be assumed by Parent as of the Effective Time.

“X” is defined according to the following formula:

$$X = \frac{1,235,000,000 - (I+F)/C}{O}$$

The variables used in calculating X pursuant to the foregoing formula are defined as follows:

“C” is the Comcast Stock Price.

“O” is (i) the number of shares of AT&T Broadband Common Stock outstanding immediately prior to the AT&T Broadband Merger excluding any shares issued pursuant to the QUIPS Exchange and any shares held by any wholly owned AT&T Broadband Subsidiary plus (ii) the number of shares, if any, of AT&T Common Stock in respect of which rights pursuant to Section 910 of the NYBCL have purportedly been exercised and not withdrawn. For purposes of this definition and for the avoidance of doubt, any restricted shares of AT&T Broadband Common Stock that have been awarded prior to the date of this Agreement and not forfeited prior to the Closing Date shall be considered “outstanding”, regardless of whether an election has been made with respect to such shares pursuant to Section 83(b) of the Code.

“I” is the aggregate “in-the-money” amount for all unexercised AT&T Stock Options outstanding as of the date of this Agreement and held by Broadband Employees immediately prior to the Closing Date whose exercise price, as of the Closing Date, is less than the AT&T Closing Stock Value, calculated with respect to each such AT&T Stock Option as the product of:

(A) the excess of the AT&T Closing Stock Value over the exercise price, as of the Closing Date, for such option, times

(B) the number of shares of AT&T Common Stock subject to such option.

For this purpose, a stock appreciation right with respect to AT&T Common Stock shall be treated as an AT&T Stock Option. In addition, for purposes of this definition, AT&T Stock Options granted after the date hereof shall be disregarded.

“F” means the aggregate “in-the-money” amount for AT&T Stock Options held by Former Employees (as defined in the Employee Benefits Agreement) to the extent converted into options to purchase AT&T Broadband Common Stock, calculated as equal to the Aggregate Former Employee Broadband Option Amount.

“Expense Agreement” means the Expense Agreement dated as of June 16, 1999 between AT&T and the Issuer Trust.

“FCC” means the United States Federal Communications Commission.

“Franchise” means a written “franchise” (within the meaning of Section 602(8) of the Communications Act).

“Franchising Authority” means “franchising authority” (within the meaning of Section 602(9) of the Communications Act).

“Guarantee Agreement” means the Guarantee Agreement dated as of June 16, 1999 between AT&T, as Guarantor, and The Bank of New York, as Guarantor Trustee, relating to the Issuer Trust.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“Indebtedness” has the meaning set forth in the Separation and Distribution Agreement.

“Indenture” means the Indenture dated as of June 16, 1999, as amended or supplemented, between AT&T and The Bank of New York, as Trustee, relating to the Debentures.

“Independent Person” has the meaning set forth in the Parent Charter.

“Index” means the Standard and Poors’ 500 Index.

“Interim Finance Committee” means the committee described in Section 9.15.

“International Plan” means, with respect to any Person, any employment, severance or similar contract or arrangement (whether or not written) or any plan, policy, fund, program or arrangement or contract providing for severance, insurance coverage (including any self-insured arrangements), workers’ compensation, disability benefits, supplemental unemployment benefits, vacation benefits, pension or retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement insurance, compensation or benefits that (i) is not an Employee Plan or a Benefit Arrangement, (ii) is entered into, maintained, administered or contributed to or required to be contributed to by such Person or any of its Affiliates and (iii) covers any employee or former employee of such Person or any of its Subsidiaries.

“IRS” means the United States Internal Revenue Service.

“Issuer Trust” means AT&T Finance Trust I, a Delaware business trust.

“K/A Price Differential” means the number equal to the excess, if any, of (i) the quotient obtained by dividing (A) the Average Class A Special Price by (B) the Average Class A Price over (ii) 1; *provided* that the K/A Price Differential shall in no event be less than 0 or more than .03.

“K/C Price Differential” means the number equal to the excess, if any, of (i) the quotient obtained by dividing (A) the Average Class A Special Price by (B) the Average Class C Price over (ii) 1; *provided* that the K/C Price Differential shall in no event be less than 0 or more than .03.

“knowledge” means, with respect to any fact, the conscious awareness of such fact by an “executive officer” (as defined under the 1933 Act) of the relevant

Person or, in the case of AT&T, any Person who would be considered an "executive officer" (as so defined) of the AT&T Broadband Group.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset. For purposes of this Agreement, a Person shall be deemed to own subject to a Lien any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

"Mergers" means the AT&T Broadband Merger and the Comcast Merger.

"Microsoft" means Microsoft Corporation, a Washington corporation.

"Multiemployer Plan" means each Employee Plan that is a "multiemployer plan" (as defined in Section 3(37) of ERISA).

"Nasdaq" means The Nasdaq Stock Market.

"Note Consent" means, with regard to any given series of securities issued under the Notes Indenture, the receipt of the irrevocable consent to the transactions contemplated by the Separation and Distribution Agreement of the holders of at least a majority in aggregate principal amount of such series.

"Notes Indenture" means the Indenture dated as of September 7, 1990, as amended or supplemented, between American Telephone & Telegraph Company and The Bank of New York, as trustee.

"NYSE" means the New York Stock Exchange.

"NYSE Trading Day" means any day on which securities of AT&T are traded on the NYSE.

"NYSE Trading Value" means, with respect to any equity security on any given NYSE Trading Day, the volume weighted average trading price (rounded to the nearest 1/10,000) of such security on the NYSE, as reported by Bloomberg Financial Markets (or such other source as AT&T and Comcast shall agree in writing) for that NYSE Trading Day.

"NYBCL" means the New York Business Corporation Law.

"Parent Class A Common Stock" means the Class A Common Stock, par value \$0.01 per share, of Parent.

“Parent Class A Special Common Stock” means the Class A Special Common Stock, par value \$0.01 per share, of Parent.

“Parent Class B Common Stock” means the Class B Common Stock, par value \$0.01 per share, of Parent.

“Parent Class C Common Stock” means the Class C Common Stock, par value \$0.01 per share, of Parent.

“Parent Common Stock” means the Parent Class A Common Stock, the Parent Class A Special Common Stock, the Parent Class B Common Stock and the Parent Class C Common Stock.

“Parent Indexed Stock” means the class of Parent Common Stock that is included in the Index on the first Trading Day after the Effective Time.

“Parent Material Adverse Effect” means a material adverse effect on the financial condition, assets or results of operations of the AT&T Broadband Group and the Comcast Group, taken as a whole, excluding any such effect resulting from or arising in connection with (i) changes or conditions generally affecting the industries in which the AT&T Broadband Group and the Comcast Group operate, (ii) changes in general economic, regulatory or political conditions or (iii) the announcement of this Agreement or of the transactions contemplated hereby.

“PBCL” means the Pennsylvania Business Corporation Law of 1988.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Plan” means, with respect to any Person, any plan (other than a Multiemployer Plan) that is subject to Title IV of ERISA and is maintained, administered or contributed to or required to be contributed to by such Person or any of its ERISA Affiliates.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Preliminary Exchange Ratio” is defined as follows:

$$X = \frac{1,235,000,000 - I/C}{O}$$

where “I”, “C” and “O” have the same meanings as in the definition of Exchange Ratio.

"Pricing Period" means the 20 consecutive Trading Days commencing on the first full Trading Day after the later to occur of (i) the fifth Trading Day after the first date on which Standard & Poors' reweights the Index in respect of the transactions contemplated hereby and (ii) the 30th calendar day after the Closing Date; *provided* that in no event shall the Pricing Period commence later than the first full Trading Day occurring after the 45th calendar day after the Closing Date.

"Primary Commercial Agreements" has the meaning set forth in the Separation and Distribution Agreement.

"Primary Transaction Agreements" has the meaning set forth in the Separation and Distribution Agreement.

"PrISMs Contracts" means each of the PrISM Variable Prepaid Forward Securities Contracts dated as of December 1, 2000 among AT&T, TCI Lenfest, Inc. and Morgan Guaranty Trust Company of New York, relating to shares of Comcast Class A Special Common Stock.

"QUIPS" means the 5% Convertible Quarterly Income Preferred Securities issued pursuant to the Trust Agreement.

"QUIPS Exchange" means the issuance of shares of AT&T Broadband Common Stock in exchange for the QUIPS pursuant to the Exchange Agreement.

"Record Date" has the meaning set forth in the Separation and Distribution Agreement.

"Registration Rights Agreement" means the Registration Rights Agreement dated as of June 16, 1999 between AT&T and Microsoft.

"SAILS Contracts" means the SAILS Mandatorily Exchangeable Securities Contracts dated as of October 27, 2000, November 6, 2000 and November 10, 2000 among AT&T, TCI Lenfest, Inc., Credit Suisse First Boston International and Credit Suisse First Boston Corporation, relating to shares of Comcast Class A Special Common Stock.

"SEC" means the United States Securities and Exchange Commission.

"Senior Notes" means any of the securities issued pursuant to the Indenture dated as of November 21, 2001 between AT&T and The Bank of New York, as Trustee.

"Separation" has the meaning set forth in the Separation and Distribution Agreement.

“Separation and Distribution Agreement” means the Separation and Distribution Agreement dated as of the date hereof by and between AT&T and AT&T Broadband, in the form attached as Exhibit C.

“Significant Excepted Transaction” means any Excepted Transaction providing for the sale or disposition of at least 50% of the AT&T Communications Group.

“Specified AT&T SEC Documents” means each of (i) AT&T’s annual report on Form 10-K for its fiscal year ended December 31, 2000, (ii) AT&T’s quarterly reports on Form 10-Q filed since December 31, 2000, (iii) AT&T’s periodic reports on Form 8-K filed since December 31, 2000, (iv) AT&T’s proxy statement relating to its 2001 annual meeting of shareholders and (v) AT&T’s preliminary proxy statement filed on July 3, 2001 regarding, among other things, the creation of a tracking stock reflecting the AT&T Broadband Group.

“Specified Comcast SEC Documents” means each of (i) Comcast’s annual report on Form 10-K for its fiscal year ended December 31, 2000, (ii) Comcast’s quarterly reports on Form 10-Q filed since December 31, 2000, (iii) Comcast’s periodic reports on Form 8-K filed since December 31, 2000 and (iv) Comcast’s proxy statement relating to its 2001 annual meeting of shareholders.

“Subsidiary” means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other body performing similar functions are at any time, directly or indirectly, owned by such Person.

“Subsidiary Trusts” means (i) TCI Communications Financing I, (ii) TCI Communications Financing II, (iii) TCI Communications Financing IV, (iv) MediaOne Finance Trust I, (v) MediaOne Finance Trust II, (vi) MediaOne Finance Trust III, (vii) MediaOne Financing A and (viii) MediaOne Financing B, each a Delaware business trust.

“Surviving Corporations” means the AT&T Broadband Surviving Corporation and the Comcast Surviving Corporation.

“System” means a “cable television system” (within the meaning of Section 602(7) of the Communications Act).

“T-Holdings” means AT&T Broadband T-Holdings, Inc. (f/k/a TCI Telephony Holdings, Inc), a Delaware corporation.

“Tax Sharing Agreement” has the meaning set forth in the Separation and Distribution Agreement.

"TOPRS" means (i) the 8.72% Trust Originated Preferred Securities of TCI Communications Financing I; (ii) the 10% Trust Preferred Securities of TCI Communications Financing II; (iii) the 9.72% Trust Preferred Securities of TCI Communications Financing IV; (iv) the 9.50% Trust Originated Preferred Securities of MediaOne Finance Trust II; (v) the 9.04% Trust Originated Preferred Securities of MediaOne Finance Trust III; (vi) the 7.96% Trust Originated Preferred Securities of MediaOne Financing A; and (vii) the 8.25% Trust Originated Preferred Securities of MediaOne Financing B.

"Trading Day" means any day on which securities of Comcast or Parent are traded on Nasdaq.

"Trading Value" means, with respect to any equity security on any given Trading Day, the volume weighted trading price (rounded to the nearest 1/10,000) of such security on Nasdaq, as reported by Bloomberg Financial Markets (or such other source as AT&T and Comcast shall agree in writing) for that Trading Day.

"Transaction Agreements" means this Agreement, the Support Agreement and each of the Ancillary Agreements.

"Trust Agreement" means the Trust Agreement dated as of June 16, 1999 among AT&T, as Depositor, The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the administrative trustees named therein, relating to the Issuer Trust.

"Trust Common Securities" means the common securities of the Issuer Trust issued pursuant to the Trust Agreement.

"TWE" means Time Warner Entertainment Company, L.P., a Delaware limited partnership.

"TWE Option" means the option of MediaOne of Colorado, Inc. to purchase up to an additional 8.5% participating percentage share in TWE pursuant to the TWE Option Agreement.

"TWE Option Agreement" means the Option Agreement, dated as of September 15, 1993, by and between TWE and US West, Inc.

"TWE Partnership Agreement" means the Agreement of Limited Partnership dated as of October 29, 1991, as amended.

"TWE Subsidiary" means a Subsidiary of TWE.

“Wireless Group Common Stock” means the Wireless Group Common Stock, par value \$1.00 per share, of AT&T.

(b) Each of the following additional terms is defined in the Section set forth opposite such term:

Term	Section
351 Transactions	9.06(a)
Agreement	Preamble
AT&T	Preamble
AT&T Broadband	Preamble
AT&T Broadband Merger	3.01(a)
AT&T Broadband Merger Sub	Preamble
AT&T Broadband Rule 145 Affiliate	9.07(a)
AT&T Broadband Surviving Corporation	3.01(a)
AT&T Broadband Surviving Corporation Common Stock	4.01(a)
AT&T Converted SARs	4.02(g)
AT&T Converted Stock Options	4.02(g)
AT&T Converted Equity Awards	4.02(g)
AT&T Equity Awards	4.02(g)
AT&T Franchise Consents	6.03
AT&T Intellectual Property	6.20
AT&T License Consents	6.03
AT&T Marks	9.20(a)
AT&T PUC Consents	6.03
AT&T SARs	4.02(g)
AT&T SEC Documents	6.07(a)
AT&T Securities	6.05(b)
AT&T Shareholders' Approval	6.22
AT&T Shareholders' Meeting	5.09
AT&T Stock Options	4.02(g)
AT&T Subsidiary Preferred Stock	6.05(a)

Term	Section
AT&T Superior Proposal	8.03(b)
AT&T Termination Fee	11.03(d)
Certificates	4.02(b)
Code	Recitals
Comcast	Preamble
Comcast Converted Equity Awards	4.02(h)
Comcast Converted Stock Options	4.02(h)
Comcast Equity Awards	4.02(h)
Comcast Franchise Consents	5.03
Comcast Intellectual Property	5.20
Comcast License Consents	5.03
Comcast Merger	3.02(a)
Comcast Merger Sub	Preamble
Comcast PUC Consents	5.03
Comcast Rule 145 Affiliate	9.07(b)
Comcast SEC Documents	5.07(a)
Comcast Securities	5.05(b)
Comcast Shareholder	Preamble
Comcast Shareholders' Approval	5.22
Comcast Shareholders' Meeting	5.09
Comcast Stock Options	4.02(h)
Comcast Surviving Corporation	3.03
Comcast Surviving Corporation Common Stock	4.01(b)
Comcast Termination Fee	11.03(b)
Common Stock Trust	4.02(e)
DE Certificate of Merger	3.01(b)
Effective Time	3.01(b)
End Date	11.01(b)
Excess Shares	4.02(e)
Exchange Agent	4.02(a)
Exchange Fund	4.02(a)

Term	Section
Financing	9.15
Franchise Consents	6.03(a)
GAAP	5.08
Governmental Authority	5.03
Indemnified Losses	7.04(a)
Indemnified Person	7.04(a)
Joint Proxy Statement	5.09
K/A Security	4.04(a)
K/C Security	4.04(b)
Letter of Credit	9.16(d)
License Consents	6.03
Mandatory Residual Conditions	8.02(a)
Neutrality Agreement	8.05
Original Award	4.02(g)
PA Articles of Merger	3.02(b)
Parent	Preamble
Parent Charter	2.01
PUC Consents	6.03
Qualified Holders	4.03(c)
QUIPS Failure Date	9.18(a)
QUIPS Fair Market Value	9.18(f)
QUIPS Transfer	9.18(j)
Purchase Rights	9.01(a)
Registration Statement	5.09
S-8	4.02(g)
Series E Preferred Stock	6.05(a)
Successor Plan	9.13(b)
Support Agreement	Recitals
Tax Returns	5.16
Taxes	5.16
TCI Pacific Preferred Stock	6.05(a)

Term	Section
Transferred Broadband Employees	9.13(a)
Transferred Comcast Employees	9.13(a)
TWE Contracts	6.25
Warrants	6.05(a)
Wireless Preferred Stock	6.05(a)

(c) *Interpretation.* In this Agreement, unless otherwise specified or where the context otherwise requires:

(i) a reference to a Recital is to the relevant Recital to this Agreement, to a Section is to the relevant Section of this Agreement and to an Exhibit is to the relevant Exhibit to this Agreement;

(ii) words importing any gender shall include other genders;

(iii) words importing the singular only shall include the plural and vice versa;

(iv) the words “include”, “includes” or “including” shall be deemed to be followed by the words “without limitation”;

(v) the words “hereof”, “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and Article, clause and Exhibit references are to the Articles, clauses and Exhibits to this Agreement unless otherwise specified;

(vi) references to any party hereto or any other agreement or document shall include such party’s successors and permitted assigns; and

(vii) the parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

(d) *Headings.* In this Agreement the headings to Sections are inserted for convenience only and shall not affect the construction of this Agreement.

ARTICLE 2
PARENT AND MERGER SUBS

SECTION 2.01. *Organization of Parent.* Comcast and AT&T have caused Parent to be organized under the laws of the Commonwealth of Pennsylvania. The authorized capital stock of Parent consists of 100 shares of Common Stock, par value \$0.01 per share, of which one share has been issued to Comcast and one share has been issued to AT&T. Comcast and AT&T shall take, and shall cause Parent to take, all requisite action to cause (i) if the A Shareholder Approval is obtained, the articles of incorporation of Parent (the "**Parent Charter**") to be in the form of Exhibit D-1 at the Effective Time, (ii) if the A Shareholder Approval is not obtained, the Parent Charter to be on the terms set forth in Exhibit D-2 at the Effective Time and (iii) whether or not the A Shareholder Approval is obtained, the bylaws of Parent to be in the form of Exhibit D-3 at the Effective Time.

SECTION 2.02. *Directors and Officers of Parent.* Prior to the Effective Time, the directors and officers of Parent shall consist of equal numbers of representatives of Comcast and AT&T as designated and elected by Comcast and AT&T. Comcast and AT&T shall take all requisite action to cause the directors and officers of Parent as of the Effective Time to be as provided in Section 9.08.

SECTION 2.03. *Organization of Merger Subs.* Parent has caused AT&T Broadband Merger Sub and Comcast Merger Sub to be organized for the sole purpose of effectuating the Mergers. The authorized capital stock of AT&T Broadband Merger Sub consists of 100 shares of Common Stock, par value \$0.01 per share, all of which shares have been issued to Parent at a price of \$1.00 per share. The authorized capital stock of Comcast Merger Sub consists of 100 shares of Common Stock, par value \$0.01 per share, all of which shares have been issued to Parent at a price of \$1.00 per share.

SECTION 2.04. *Actions of Comcast and AT&T.* Comcast and AT&T, as the holders of all the outstanding shares of Parent capital stock, have approved and adopted this Agreement and the transactions contemplated hereby and have caused Parent, as the sole stockholder of each of the Merger Subs, to approve and adopt this Agreement and the transactions contemplated hereby. Each of Comcast and AT&T shall cause Parent to perform its obligations under this Agreement, and Parent shall cause the Merger Subs to perform their respective obligations under this Agreement.

SECTION 2.05. *Rights Plan.* Parent shall adopt a shareholder rights plan, effective as of the Effective Time, on the terms and conditions set forth in the Comcast Disclosure Schedule.

ARTICLE 3 THE MERGERS

SECTION 3.01. *The AT&T Broadband Merger.* (a) At the Effective Time, AT&T Broadband Merger Sub shall be merged with and into AT&T Broadband (the “**AT&T Broadband Merger**”) in accordance with the DGCL and upon the terms set forth in this Agreement, whereupon the separate existence of AT&T Broadband Merger Sub shall cease and AT&T Broadband shall be the surviving corporation (the “**AT&T Broadband Surviving Corporation**”).

(b) As soon as practicable (and, in any event, within five Business Days) after satisfaction or, to the extent permitted hereunder, waiver of all conditions to the Mergers set forth in Article 10, other than conditions that by their nature are to be satisfied at the Effective Time and will in fact be satisfied at the Effective Time, a certificate of merger shall be duly prepared, executed and acknowledged by AT&T Broadband Merger Sub and AT&T Broadband and thereafter delivered to and filed with the Secretary of State of the State of Delaware pursuant to the DGCL (the “**DE Certificate of Merger**”). The AT&T Broadband Merger shall become effective at the Effective Time. As used herein, the term “Effective Time” means such time as is mutually agreeable to Comcast and AT&T on the date of filing of the DE Certificate of Merger, or on such other date or time as may be agreed by Comcast and AT&T. The Separation shall occur on the Closing Date prior to the Distribution which shall occur at the close of business in New York, New York on the Closing Date. With the consent of Comcast, which consent shall not be unreasonably withheld, AT&T may effect the Separation and/or the Distribution on different dates or different times than provided for in the preceding sentence.

(c) From and after the Effective Time, the AT&T Broadband Surviving Corporation shall possess all the rights, powers, privileges and franchises, and be subject to all of the obligations, liabilities, restrictions and disabilities, of AT&T Broadband Merger Sub and AT&T Broadband, all as provided under the DGCL.

SECTION 3.02. *The Comcast Merger.* (a) At the Effective Time, Comcast Merger Sub shall be merged with and into Comcast (the “**Comcast Merger**”) in accordance with the PBCL, and upon the terms set forth in this Agreement, whereupon the separate existence of Comcast Merger Sub shall cease and

Comcast shall be the surviving corporation (the “**Comcast Surviving Corporation**”).

(b) As soon as practicable (and, in any event, within five Business Days) after satisfaction or, to the extent permitted hereunder, waiver of all conditions to the Mergers set forth in Article 10, other than conditions that by their nature are to be satisfied at the Effective Time and will in fact be satisfied at the Effective Time, an articles of merger shall be duly prepared, executed and acknowledged by Comcast Merger Sub and Comcast and thereafter delivered to and filed with the Department of State of the Commonwealth of Pennsylvania pursuant to the PBCL (the “**PA Articles of Merger**”). The Comcast Merger shall become effective at the Effective Time.

(c) From and after the Effective Time, the Comcast Surviving Corporation shall possess all the rights, powers, privileges and franchises, and be subject to all of the obligations, liabilities, restrictions and disabilities, of Comcast Merger Sub and Comcast, all as provided under the PBCL.

SECTION 3.03. *Certificate and Articles of Incorporation; Bylaws.* The certificate of incorporation of AT&T Broadband in effect at the Effective Time shall be the certificate of incorporation of the AT&T Broadband Surviving Corporation and the bylaws of AT&T Broadband Merger Sub in effect at the Effective Time shall be the bylaws of the AT&T Broadband Surviving Corporation, in each case, until amended in accordance with applicable law. Immediately prior to the Effective Time, if the A Shareholder Approval shall have been obtained, Comcast shall file the Articles Amendment with the Department of State of the Commonwealth of Pennsylvania pursuant to the PBCL. The articles of incorporation of Comcast in effect at the Effective Time shall be the articles of incorporation of the Comcast Surviving Corporation and the bylaws of Comcast Merger Sub in effect at the Effective Time shall be the bylaws of the Comcast Surviving Corporation, in each case, until amended in accordance with applicable law.

SECTION 3.04. *Directors and Officers of the Surviving Corporations.* From and after the Effective Time, until successors are duly elected or appointed and qualified in accordance with applicable law, (a) the directors of AT&T Broadband Merger Sub at the Effective Time shall be the directors of the AT&T Broadband Surviving Corporation, (b) the officers of AT&T Broadband at the Effective Time shall be the officers of the AT&T Broadband Surviving Corporation, (c) the directors of Comcast Merger Sub at the Effective Time shall be the directors of the Comcast Surviving Corporation and (d) the officers of Comcast at the Effective Time shall be the officers of the Comcast Surviving Corporation.

SECTION 3.05. *Alternative Structure.* From the date hereof until the Effective Time, each of AT&T and Comcast agrees that, at the request of the other party, it will consider in good faith amending the terms of this Agreement to the extent necessary to provide for a structure or a sequencing of the Mergers that is more tax efficient or otherwise more advantageous than the structure and sequencing provided by Articles 2 and 3 and is not adverse to the other party.

ARTICLE 4 CONVERSION OF SECURITIES

SECTION 4.01. *Conversion of Securities.* (a) If the A Shareholder Approval shall have been obtained, at the Effective Time, by virtue of the AT&T Broadband Merger and without any action on the part of any of the parties hereto or the holders of any of the following securities:

(i) Each issued and outstanding share of capital stock of AT&T Broadband Merger Sub shall be converted into and become one fully paid and nonassessable share of Common Stock, par value \$.01 per share, of the AT&T Broadband Surviving Corporation ("**AT&T Broadband Surviving Corporation Common Stock**").

(ii) Each share of AT&T Broadband Common Stock held in the treasury of AT&T Broadband immediately prior to the Effective Time shall be canceled and retired without any conversion thereof, and no payment shall be made with respect thereto.

(iii) Subject to Sections 4.02(e), 4.03(a) and 4.04(a), each issued and outstanding share of AT&T Broadband Common Stock that is issued and outstanding immediately prior to the Effective Time (excluding any shares of AT&T Broadband Common Stock canceled pursuant to Section 4.01(a)(ii)) shall be converted into the right to receive the Exchange Ratio of a fully paid and nonassessable share of Parent Class A Common Stock. As of the Effective Time, all such shares of AT&T Broadband Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each owner of any such shares of AT&T Broadband Common Stock shall cease to have any rights with respect thereto, except the right to receive certificates representing the shares of Parent Common Stock, any cash in lieu of fractional shares of Parent Common Stock and any dividends or distributions to the extent provided in Section 4.02(c) to be issued or paid in consideration therefor, without interest.

(b) If the A Shareholder Approval shall have been obtained, at the Effective Time, by virtue of the Comcast Merger and without any action on the part of any of the parties hereto or the holders of any of the following securities:

(i) Each issued and outstanding share of capital stock of Comcast Merger Sub shall be converted into and become a number of fully paid and nonassessable shares of Common Stock, par value \$.01 per share, of the Comcast Surviving Corporation ("**Comcast Surviving Corporation Common Stock**") such that all of such shares of Comcast Surviving Corporation Common Stock, together with the shares of Comcast Surviving Corporation Common Stock issuable upon conversion of the shares of Comcast Common Stock held by Comcast Shareholder pursuant to Section 4.01(e), equal 100 shares of Comcast Surviving Corporation Common Stock.

(ii) Each share of Comcast Common Stock held in the treasury of Comcast immediately prior to the Effective Time shall be canceled and retired without any conversion thereof, and no payment shall be made with respect thereto.

(iii) Subject to Sections 4.01(e) and 4.02(e), each issued and outstanding share of Comcast Class A Common Stock, Comcast Class B Common Stock and Comcast Class A Special Common Stock that is issued and outstanding immediately prior to the Effective Time (excluding any of such shares of Comcast Common Stock canceled pursuant to Section 4.01(b)(ii)) shall be converted into the right to receive one fully paid and nonassessable share of Parent Class A Common Stock, Parent Class B Common Stock and Parent Class A Special Common Stock, respectively. As of the Effective Time, all such shares of Comcast Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a Certificate representing any such shares of Comcast Common Stock shall cease to have any rights with respect thereto, except the right to receive, upon the surrender of such Certificates, certificates representing the shares of Parent Common Stock, any cash in lieu of fractional shares of Parent Common Stock and any dividends or distributions to the extent provided in Section 4.02(c) to be issued or paid in consideration therefor upon surrender of such Certificate in accordance with Section 4.02, without interest.

(c) If the A Shareholder Approval shall not have been obtained, at the Effective Time, by virtue of the AT&T Broadband Merger and without any action on the part of any of the parties hereto or the holders of any of the following securities:

(i) Each issued and outstanding share of capital stock of AT&T Broadband Merger Sub shall be converted into and become one fully paid and nonassessable share of AT&T Broadband Surviving Corporation Common Stock.

(ii) Each share of AT&T Broadband Common Stock held in the treasury of AT&T Broadband immediately prior to the Effective Time shall be canceled and retired without any conversion thereof, and no payment shall be made with respect thereto.

(iii) Subject to Sections 4.02(e), 4.03(b) and 4.04(b), each issued and outstanding share of AT&T Broadband Common Stock that is issued and outstanding immediately prior to the Effective Time (excluding any shares of AT&T Broadband Common Stock canceled pursuant to Section 4.01(c)(ii)) shall be converted into the right to receive the Exchange Ratio of a fully paid and nonassessable share of Parent Class C Common Stock. As of the Effective Time, all such shares of AT&T Broadband Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each owner of any such shares of AT&T Broadband Common Stock shall cease to have any rights with respect thereto, except the right to receive certificates representing the shares of Parent Common Stock, any cash in lieu of fractional shares of Parent Common Stock and any dividends or distributions to the extent provided in Section 4.02(c) to be issued or paid in consideration therefor, without interest.

(d) If the A Shareholder Approval shall not have been obtained, at the Effective Time, by virtue of the Comcast Merger and without any action on the part of any of the parties hereto or the holders of any of the following securities:

(i) Each issued and outstanding share of capital stock of Comcast Merger Sub shall be converted into and become a number of fully paid and nonassessable shares of Comcast Surviving Corporation Common Stock such that all of such shares of Comcast Surviving Corporation Common Stock, together with the shares of Comcast Surviving Corporation Common Stock issuable upon conversion of the shares of Comcast Common Stock held by Comcast Shareholder pursuant to Section 4.01(e), equal 100 shares of Comcast Surviving Corporation Common Stock.

(ii) Each share of Comcast Common Stock held in the treasury of Comcast immediately prior to the Effective Time shall be canceled and

retired without any conversion thereof, and no payment shall be made with respect thereto.

(iii) Subject to Sections 4.01(e) and 4.02(e), each issued and outstanding share of Comcast Class A Common Stock, Comcast Class B Common Stock and Comcast Class A Special Common Stock that is issued and outstanding immediately prior to the Effective Time (excluding any of such shares of Comcast Common Stock canceled pursuant to Section 4.01(d)(ii)) shall be converted into the right to receive one fully paid and nonassessable share of Parent Class A Common Stock, Parent Class B Common Stock and Parent Class A Special Common Stock, respectively. As of the Effective Time, all such shares of Comcast Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a Certificate representing any such shares of Comcast Common Stock shall cease to have any rights with respect thereto, except the right to receive, upon the surrender of such Certificates, certificates representing the shares of Parent Common Stock, any cash in lieu of fractional shares of Parent Common Stock and any dividends or distributions to the extent provided in Section 4.02(c) to be issued or paid in consideration therefor upon surrender of such Certificate in accordance with Section 4.02, without interest.

(e) In lieu of receiving the consideration payable pursuant to Section 4.01(b) or 4.01(d) upon conversion of its shares of Comcast Common Stock in the Comcast Merger, Comcast Shareholder (or any successor by merger to Comcast Shareholder) may elect to merge with Parent immediately prior to the Effective Time in a transaction in which the members of Comcast Shareholder (or such successor), in exchange for all of their outstanding membership or other equity interests in Comcast Shareholder (or such successor), would receive in the aggregate the same consideration that Comcast Shareholder (or such successor) would have received pursuant to Section 4.01(b) or 4.01(d), as the case may be, upon conversion of its shares of Comcast Common Stock in the Comcast Merger. If Comcast Shareholder (or such successor) elects to effect the foregoing merger, then at the time of such merger (i) Comcast Shareholder (or such successor) shall have no assets other than shares of Comcast Common Stock and no liabilities other than possible de minimis liabilities, (ii) each issued and outstanding share of Comcast Common Stock owned by Comcast Shareholder (or such successor) shall be converted into and become a number of fully paid and nonassessable shares of Comcast Surviving Corporation Common Stock such that all of such shares of Comcast Surviving Corporation Common Stock, together with the shares of Comcast Surviving Corporation Common Stock issuable upon conversion of the shares of Comcast Merger Sub capital stock pursuant to Section 4.01(b)(i) or 4.01(d)(i), as the case may be, equal 100 shares of Comcast Surviving Corporation

Common Stock and (iii) Comcast Shareholder shall provide an indemnity that is reasonably satisfactory to AT&T and Comcast pursuant to which one or more members of Comcast Shareholder (which shall include at a minimum any member or members (on a joint and several basis) who acquire the shares of Parent Class B Common Stock pursuant to the merger contemplated by this Section 4.01(e)) agrees to indemnify Parent in respect of any liabilities (including tax liabilities) of Comcast Shareholder or arising in connection with the transactions under this Section 4.01(e).

(f) If, between the date of this Agreement and the Effective Time, the outstanding shares of Comcast Common Stock, AT&T Common Stock or AT&T Broadband Common Stock shall have been changed into a different number of shares, by reason of any stock dividend (other than to create the number of shares of AT&T Broadband Common Stock necessary to effect the Distribution and, if the QUIPS Exchange occurs, the QUIPS Exchange or otherwise as a result of the Separation and Distribution), subdivision, split or combination of shares, the consideration payable pursuant to Section 4.01 will, if appropriate, be correspondingly adjusted to reflect such stock dividend, subdivision, split or combination of shares.

(g) For purposes of Sections 4.01(a)-(d), (i) any share of Comcast Common Stock held by any Comcast Subsidiary will not be treated as a share of Comcast Common Stock held in the treasury of Comcast and (ii) any share of AT&T Broadband Common Stock held by any AT&T Broadband Subsidiary will not be treated as a share of AT&T Broadband Common Stock held in treasury of AT&T Broadband.

SECTION 4.02. *Exchange of Certificates.* (a) *Exchange Agent.* At or prior to the Effective Time, Parent shall deposit with a bank or trust company jointly designated by AT&T and Comcast (the “**Exchange Agent**”), for the benefit of the holders of shares of AT&T Broadband Common Stock and Comcast Common Stock, for exchange in accordance with this Article 4, through the Exchange Agent, certificates representing the shares of Parent Common Stock (such shares of Parent Common Stock, together with any dividends or other distributions to the extent provided in Section 4.02(c), the “**Exchange Fund**”) issuable pursuant to Section 4.01 in exchange for outstanding shares of AT&T Broadband Common Stock and Comcast Common Stock.

(b) *Exchange Procedures.* As soon as reasonably practicable after the Effective Time, the Exchange Agent shall mail to each holder of record of a certificate or certificates that immediately prior to the Effective Time represented outstanding shares of AT&T Broadband Common Stock or Comcast Common Stock (the “**Certificates**”), other than shares to be canceled or retired or converted into AT&T Broadband Surviving Corporation Common stock or Comcast

Surviving Corporation Common Stock in each case in accordance with Section 4.01, (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent, and shall be in such form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates representing shares of Parent Common Stock. Upon surrender of a Certificate for cancellation to the Exchange Agent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Certificate shall be entitled to receive in exchange therefor a certificate representing that number of whole shares of Parent Common Stock that such holder has the right to receive pursuant to the provisions of this Article 4, cash in lieu of any fractional shares of Parent Common Stock to the extent provided in Section 4.02(e) and any dividends or distributions to the extent provided in Section 4.02(c), and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of AT&T Broadband Common Stock or Comcast Common Stock that is not registered in the transfer records of AT&T Broadband or Comcast, as the case may be, a certificate representing the proper number of shares of Parent Common Stock may be issued to a Person other than the Person in whose name the Certificate so surrendered is registered if such Certificate shall be properly endorsed or otherwise be in proper form for transfer and the Person requesting such payment shall pay any transfer or other taxes required by reason of the issuance of shares of Parent Common Stock to a Person other than the registered holder of such Certificate or establish to the satisfaction of Parent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 4.02, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the certificate representing the appropriate number of whole shares of Parent Common Stock, cash in lieu of any fractional shares of Parent Common Stock to the extent provided in Section 4.02(e) and any dividends and distributions to the extent provided in Section 4.02(c). No interest will be paid or will accrue on any cash payable in lieu of any fractional shares of Parent Common Stock. Any amounts payable or deliverable pursuant to this Agreement shall be subject to and made net of applicable withholding taxes to the extent such taxes are imposed under applicable law as determined by Parent in its reasonable discretion. To the extent that amounts are so withheld, those amounts shall be treated for all purposes as having been paid to the holders of AT&T Broadband Common Stock or Comcast Common Stock, as the case may be, in respect of which the deduction and withholding was made.

(c) *Distributions with Respect to Unexchanged Shares.* No dividends or other distributions with respect to Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Parent Common Stock represented thereby, and no

cash payment in lieu of fractional shares shall be paid to any such holder pursuant to Section 4.02(e) until the surrender of such Certificate in accordance with this Article 4. Subject to the effect of applicable law, following surrender of any such Certificate, there shall be paid to the holder of the certificate representing whole shares of Parent Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 4.02(e) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(d) *No Further Ownership Rights in AT&T Broadband Common Stock or Comcast Common Stock.* All shares of Parent Common Stock issued upon the surrender for exchange of Certificates in accordance with the terms of this Article 4 (including any cash paid pursuant to Section 4.02(c) or 4.02(e)) shall be deemed to have been issued (and paid) in full satisfaction of all rights pertaining to the shares of AT&T Broadband Common Stock or Comcast Common Stock, as the case may be, theretofore represented by such Certificates, and there shall be no further registration of transfers on the stock transfer books of the applicable Surviving Corporation, of the shares of AT&T Broadband Common Stock or Comcast Common Stock, as the case may be, that were outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to Parent or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article 4, except as otherwise provided by applicable law. Certificates surrendered for exchange by any Person who is a Rule 145 Affiliate shall not be exchanged until Parent has received written undertakings from such Person in the form attached as Exhibit B.

(e) *No Fractional Shares.* (i) No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional share interests shall not entitle the owner thereof to vote or to any rights of a shareholder of Parent.

(ii) As promptly as practicable following the Effective Time, the Exchange Agent shall determine the excess of (A) the number of shares of Parent Common Stock delivered to the Exchange Agent by Parent pursuant to Section 4.02(a) over (B) the aggregate number of whole shares of Parent Common Stock to be distributed to holders of the Certificates pursuant to Section 4.02(b) (such excess, the "**Excess Shares**"). As soon as practicable after the Effective Time, the Exchange Agent, as agent for the holders of the Certificates, shall sell the Excess Shares at